

TED STEVENS, ALASKA
GEORGE V. VOINOVICH, OHIO
NORM COLEMAN, MINNESOTA
TOM COBURN, OKLAHOMA
LINCOLN CHAFEE, RHODE ISLAND
ROBERT F. BENNETT, UTAH
PETE DOMENICI, NEW MEXICO
JOHN WARNER, VIRGINIA

JOSEPH I. LIEBERMAN, CONNECTICUT
CARL LEVIN, MICHIGAN
DANIEL K. AKAKA, HAWAII
THOMAS R. CARPER, DELAWARE
MARK DAYTON, MINNESOTA
FRANK LAUTENBERG, NEW JERSEY
MARK PRYOR, ARKANSAS

United States Senate

MICHAEL D. BOPP, STAFF DIRECTOR AND CHIEF COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

April 5, 2005

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

The abuses of the United Nations Oil for Food Program have highlighted the needed for a strong internal audit function to provide oversight and accountability through independent assessments of U.N. activities. In fact, the February 2005 Interim Report of the Independent Inquiry Committee ("IIC") into the United Nations Oil For Food Program concluded that the U.N.'s Office of Internal Oversight Services ("OIOS") internal audits of the Program were constrained in scope and authority preventing auditors from examining and reporting on problems in the Program. The IIC concluded that U.N. oversight bodies did not obtain timely reporting on serious management problems and were unable to take corrective actions when needed.

As a result, we request that GAO conduct a review of the internal audit function at the United Nations. Specifically, we ask GAO to:

- Review OIOS's oversight structure, authority, size, budget (regular and extra-budgetary), reporting mechanisms, independence from inappropriate influence, and determine whether they are effective given the organization's mandate for conducting oversight;
- Examine OIOS's approach for determining the risks facing the United Nations and selecting the departments, program, and activities to audit, and determine the extent to which the OIOS' structure affects its ability to conduct independent audits and evaluations;
- Determine whether OIOS has a quality assurance program that covers all aspects of the internal audit activity and monitors audit effectiveness by using both internal assessments and assessments by appropriate external review bodies;
- Examine the United Nations' process for ensuring that OIOS recommendations are implemented;

- Determine the extent to which OIOS coordinates with the audit functions in the U.N. specialized agencies so that oversight can be strengthened on a U.N.- wide basis;
- Review U.S. Government participation in U.N. OIOS internal oversight issues and reforms; and
- Describe and evaluate the role OIOS plays in enforcing U.N. ethics rules among U.N. employees and contractors.

We also request that GAO staff provide periodic briefings to Senate Permanent Subcommittee on Investigations ("PSI") and House International Relations Committee ("HIRC") staff throughout the review and that GAO be prepared to testify before PSI and HIRC on its findings as soon as possible.

Thank you in advance for your prompt attention to this request. Please contact Raymond V. Shepherd III, Staff Director & Chief Counsel of PSI, at 224-3721, or Renee Austell, Majority Counsel at HIRC, at 226-4903, or Elise Bean, Staff Director and Chief Counsel to the Minority at PSI, at 224-9505, or David Killion, Professional Staff Member to the Minority at HIRC, at 226-4850 if you have any questions concerning this request.

Sincerely,



Norm Coleman
Chairman
Permanent Subcommittee on Investigations



Carl Levin
Ranking Minority Member
Permanent Subcommittee on Investigations



Henry J. Hyde
Chairman
Committee on International Relations
U.S. House of Representatives



Tom Lantos
Ranking Minority Member
Committee on International Relations
U.S. House of Representatives

TED STEVENS, ALASKA
GEORGE V. VOINOVICH, OHIO
NORM COLEMAN, MINNESOTA
TOM COBURN, OKLAHOMA
LINCOLN CHAFEE, RHODE ISLAND
ROBERT F. BENNETT, UTAH
PETE DOMENICI, NEW MEXICO
JOHN WARNER, VIRGINIA

JOSEPH I. LIEBERMAN, CONNECTICUT
CARL LEVIN, MICHIGAN
DANIEL K. AKAKA, HAWAII
THOMAS R. CARPER, DELAWARE
MARK DAYTON, MINNESOTA
FRANK LAUTENBERG, NEW JERSEY
MARK PRYOR, ARKANSAS

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

MICHAEL D. BOPP, STAFF DIRECTOR AND CHIEF COUNSEL
JOYCE A. RECHTSCHAFFEN, MINORITY STAFF DIRECTOR AND COUNSEL

April 5, 2005

The Honorable David M. Walker
Comptroller General of the United States
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Walker:

GAO, as well as the 1994 United Nations High-Level Procurement Group Study, found significant weaknesses in the United Nations' procurement system. In recent years, the United Nations has sought to address some of these weaknesses, but it is clear that further reforms are needed. Lessons learned from investigations of the United Nations' management of the Oil for Food Program point to the need for continued attention to procurement and management reforms. Reports by the U.N. Office of Internal Oversight Services ("OIOS") and the Independent Inquiry Committee into the United Nations Oil for Food Program ("IIC") revealed lax oversight of Oil for Food Program contracts that resulted in repeated violations of procurement rules and weaknesses in contract management. The reports revealed a variety of questionable procurement practices that resulted in millions of dollars of suspect and potentially illegal payments.

The U.N. is planning to renovate its headquarters and estimates that this project will cost about \$1 billion. Since this is the largest construction project to be undertaken by the U.N., it would be useful to review the procurement system and project management systems, including the procurement of construction goods and services, the processing of change orders, the auditing of completed contracts, and the paying of vendors without incurring delays and increased costs.

We request that GAO conduct a review of the U.N. procurement system and determine whether procurement policies and procedures issued by its headquarters are carried out consistently in field operations. Specifically, we request that GAO:

- Determine whether previously identified problems with the U.N. procurement, such as fairness and integrity of awarding contracts to vendors, openness and transparency of the procurement system, accountability, competition, training headquarters and field staff, have been corrected;
- Examine UN mechanisms for ensuring compliance with UN procurement processes;

- Review key oversight mechanisms, such as OIOS, and any external auditors, to determine their role in overseeing the U.N.'s procurement processes and examine other safeguards to indicate where corrective actions are needed;
- Review the U.N. plans for procuring goods and services for the renovation project and determine whether the United Nations has the appropriate processes, technical expertise and personnel to handle the increased procurement activity expected in connection with the renovation project;
- Review and compare UN procurement regulations with best practices; and
- Review U.S. Government participation in U.N. procurement issues and reforms.

We also request that GAO staff provide periodic briefings for Senate Permanent Subcommittee on Investigations ("PSI") and House International Relations Committee ("HIRC") staff throughout the review and that GAO be prepared to testify before PSI and HIRC as soon as possible.

Thank you in advance for your attention to this request. Please contact Raymond V. Shepherd III, Staff Director & Chief Counsel of PSI, at 224-3721 or Renee Austell, Majority Counsel at HIRC, at 226-4903, or Elise Bean, Staff Director & Chief Counsel to the Minority at PSI, at 224-9505, or David Killion, Professional Staff Member to the Minority at HIRC, at 226-4850 if you have any questions concerning this request.

Sincerely,



Norm Coleman
Chairman
Permanent Subcommittee on Investigations



Carl Levin
Ranking Minority Member
Permanent Subcommittee on Investigations



Henry J. Hyde
Chairman
Committee on International Relations
U.S. House of Representatives



Tom Lantos
Ranking Minority Member
Committee on International Relations
U.S. House of Representatives